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RESEARCH REPORT CFAE
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CORPORATE SUPPORT OF EDUCATION

1987 SURVEY HIGHLIGHTS

National estimates: Corporate contributions to education and to all causes continued the slowdown that began in 1985. For 1987, total contributions were unchanged at $4.6 billion; giving to education was up slightly to $2 billion. Page 2

Preliminary data for 1988 suggest a small upturn, with a further modest increase possible in 1989. Page 3

Survey results: Education received the largest share — 37 percent, or $615 million of the $1.68 billion given to all causes by 328 survey companies. Page 4

Colleges and universities secured 69 percent of education dollars. Precollege education claimed 6 percent of the total, the same share reported for the previous year. Page 5

Contributions declined as a share of corporate earnings. Page 7

Noncash gifts of company products and property fell, while cash contributions to education increased. Page 9

Almost two fifths of total contributions were made by corporate foundations. Page 10

The top 25 contributors from the manufacturing and from the service sectors together provided two thirds of all education support reported by all companies. Page 11

CFAE

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National Trends in Corporate Support

Since 1985, the growth of corporate contributions to education has slowed abruptly. Indeed, educational support has been bumping across a kind of plateau, a fairly high and sunny plateau to be sure, but a sharp contrast to the frenetic pace of the 1975-85 period. But there are indications that the business community's giving to education will be rising in 1989 and beyond, though at a more deliberate pace than characterized the pre-1985 decade.

For 1987, the latest year for which there are structured data available, the Council for Aid to Education estimates that corporations donated about $2 billion to educational causes **(Table 1)**. That represents an increase of only $50 million, or 2.6 percent — the smallest year-to-year rise since 1975. With an adjustment for inflation, educational giving actually fell by about 1 percent.

A similar plateau characterizes corporate contributions to all charitable causes — health, human services, the arts, education and the rest. For 1987, CFAE estimates that total corporate contributions amounted to about $4.6 billion, unchanged from 1986. When corrected for inflation, total giving declined by roughly 4 percent.

The share of education in the corporate contributions dollar inched upward slightly in 1987. At 43.5 percent, this is at the top of the historical range. If corporate gifts of products, i.e., inventory, were included at full market value rather than at tax-deduction value, education's share of the total would be significantly higher.

The slowdown in contributions growth in the last three years is clearly the result of several factors: the most important appears to have been the inevitable reaction to a decade of double-digit increases. In more specific terms, this inevitability involved the sluggishness of corporate profits, especially in industries that were notable for their generosity. The estimate of corporate profits before taxes fell in 1980 and remained well below its 1979 level until 1987. Yet contributions kept growing throughout this period, and indeed they doubled between 1979 and 1986.

As a result, corporate contributions as a percentage of profits before taxes soared from less than 0.9 percent in 1979 to an all-time high of just under 2 percent in 1985. Then, in 1986, profits figures began a steady uptrend, and corporate giving as a share of earnings fell slightly. The gain in profits continued in 1987 and amounted to 17 percent; with no corresponding rise in contributions in that year, the ratio of contributions to profits fell to 1.7 percent, a figure which is still

This report is based on data from the annual Survey of Corporate Contributions, cosponsored by the Conference Board and the Council for Aid to Education. Additional copies are available upon request from the Council.

higher than in any year prior to 1982.

It is tempting to believe that corporate contributions have returned to a state of "normalcy." That is, they are more likely to move in step with corporate profits, the gross national product and other economic indices in the near future than they have in the recent past. And it should be remembered that increases in contributions budgets have tended historically to lag profit increases by a year or two; if that is the case, 1988 and 1989 will show some welcome increases in corporate giving.

Some preliminary data and anecdotal evidence available to CFAE suggest that corporate aid to education in 1988 was, at best, up only slightly over 1987, and that 1989 will indeed show a modest increase. Reports from 100 leading donor corporations show that more than 70 percent planned either to increase their educational support or to budget the same in 1989 as in 1988. These are budget forecasts, to be sure, and by the end of 1989 the actual contributions outlays will show small increases or decreases in relation to these budget figures — more likely the former if business conditions remain as strong as expected.

The contributions figures mentioned above are, of course, estimates by CFAE based on survey data, reports from educational institutions and other fragmentary information. These estimates have squared well with the actual figures on corporate contributions tabulated by the Internal Revenue Service; such figures are normally available about three years after the period in question, so the 1986 figure will be available in mid-1989.

Readers should keep in mind that the survey results that follow may not reflect accurately the contributions picture for the entire corporate population. There are more than 3 million corporate entities that file federal tax returns, some 600,000 of which report some contributions for tax purposes. The survey results for 1987 are based on data from only 328 major corporations and their foundations, most of which reported contributions of $100,000 or more. Collectively, these companies account for more than 35 percent of the contributions reported by all U.S. corporations — the survey provides no information whatever about the companies that account for the other 65 percent.

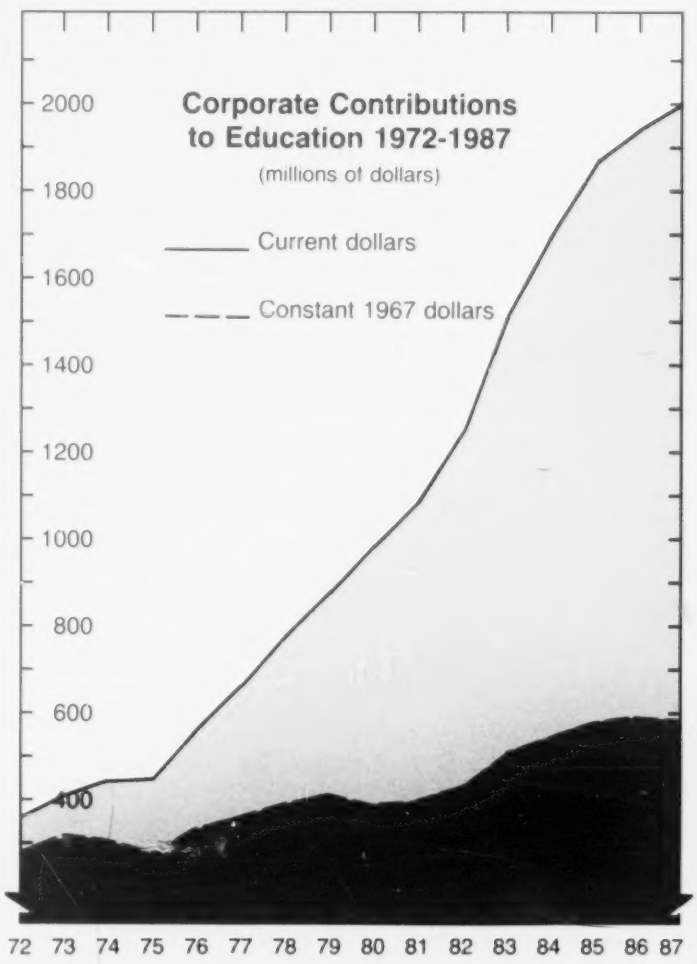
While it is possible to design a sample as small as this in such a way that the data are representative of the entire corporate universe, the Conference Board-CFAE survey does not meet the criteria of such a sampling process. Consequently, the data must be looked on as valid only for the companies that comprise the sample itself. These statistics and the trends they reveal are useful to corporate planners as indications of what 328 of the largest corporate donors are doing, but they could be misleading as indicators of the total national picture of corporate giving.

Table 1. National Trends in Corporate Pretax Net Income and Contributions

Year	Pretax Net Income* (billions of dollars)	Contributions (millions of dollars) Total**	Education***	Contributions as a Percentage of Pretax Net Income Total	Education	Education as a Percentage of Total Contributions
1972	101.5	1,009	365	0.99	0.36	36.2
1973	127.2	1,174	410	0.92	0.32	34.9
1974	138.9	1,200	445	0.86	0.32	37.1
1975	134.8	1,202	450	0.89	0.33	37.4
1976	170.3	1,487	560	0.87	0.33	37.7
1977	200.4	1,791	665	0.89	0.33	37.1
1978	233.5	2,084	780	0.89	0.33	37.4
1979	257.2	2,288	880	0.89	0.34	38.4
1980	237.1	2,359	980	0.99	0.41	41.5
1981	226.5	2,514	1,090	1.11	0.48	43.4
1982	169.6	2,906	1,250	1.71	0.74	43.0
1983	207.6	3,627	1,525	1.74	0.73	42.0
1984	240.0	4,057	1,700	1.69	0.71	41.9
1985	224.3	4,472	1,875	1.99	0.84	41.9
1986	236.4	4,600***	1,950	1.94	0.82	42.4
1987	276.7	4,600***	2,000	1.66	0.72	43.5

* U.S. Department of Commerce
** Internal Revenue Service
*** CFAE estimate

Note: The figures for total corporate contributions and corporate contributions to education are not completely comparable. The former is an IRS figure that includes company grants to their own sponsored foundations and excludes the gifts and grants made by these foundations. As a consequence, they understate the consolidated total of corporate and corporate-foundation contributions for the period after 1979 and other years in which foundation giving is larger than company grants to their foundations (see Table 14). The figures for corporate contributions to education, on the other hand, are CFAE estimates that include the grants made by both corporations and corporate foundations. As a result, the changes in education support as a percentage of total contributions are influenced by this lack of comparability.



The Survey Results

The Survey of Corporate Contributions, jointly sponsored by CFAE and the Conference Board, reports annually on charitable contributions by the nation's leading corporations. Companies included in the survey are drawn from the Fortune magazine lists of the largest corporations and from a group of others known to budget at least $100,000 annually for contributions.

The data that follow reflect only the information provided by companies that responded to the 1987 survey. For a discussion of the relationship between these figures and the national estimates presented on the preceding pages, see the Appendix on page 12.

For the 1987 survey, 328 companies reported a grand total of $1.68 billion in contributions, of which 37 percent or $615 million was directed to education. Individual company budgets ranged from $85,600 to $136 million, with a median of $1.5 million. Education contributions ranged from a low of $2,500 to $56.7 million, with a median at $436,000. Although 328 companies returned the questionnaires, not all of them supplied complete information. As a result, the number of companies reporting data in each of the tables will differ.

Table 2 presents a profile of participants grouped by size of contributions budget. More than half of the responding companies had annual budgets exceeding $1 million. Note that companies budgeting over $5 million for charitable giving account for more than four fifths of both total contributions dollars and education support dollars for the survey sample.

Note, too, that the larger the total contributions budget, the greater the share directed to educational purposes. Companies with programs of less than $500,000 earmarked 24 percent of their contributions for education; those with programs of more than $5 million, 37 percent. The companies that devote the larger share to education are generally in the manufacturing sector, most especially the electrical machinery, petroleum and gas and transportation equipment industries. One reason these industries historically have been the strongest supporters of education is their dependence on steady supplies of engineers, scientists and researchers from the colleges and universities.

WHERE THE DOLLARS GO

Since the CFAE-Conference Board survey was launched in 1974, participating corporations have directed between 35 and 43 percent of their contributions to education. But it wasn't until 1978 that education passed health and human services as the recipient of the largest share.

Between 1986 and 1987, the education share dropped sharply, by six percentage points **(Table 3)**. This does not suggest a permanent decline, but rather reflects a drop in noncash gifts, often of a nonrecurring nature. The 1986 survey included a single $40 million gift of an office building to a university. In 1987, there was no such one-time "mega-gift" to education reported by a survey company.

Also, many of the survey companies reported a year-to-year drop in gifts of company products (computers, scientific gear, etc.), no surprise in view of the fact that such gifts had increased rapidly in the years before.

Health and human service organizations received the second largest share of total contributions. Gifts in this category as a share of the total have declined almost every year, slipping from a high of 41.2 percent in 1975 to the current 27.2 percent.

Table 2. Profile of Participating Companies by Size of Contributions in 1987

Contributions Budget	Number of Companies		Contributions (millions of dollars) Total		Education		Education as % of Total
Less than $500,000	74	(22.6)	$ 21.3	(1.3)	$ 5.1	(0.8)	23.9
$500,000–$1 million	62	(18.9)	45.0	(2.7)	13.0	(2.1)	28.9
$1 million–$5 million	111	(33.8)	265.8	(15.8)	94.0	(15.3)	35.4
$5 million and over	81	(24.7)	1,346.2	(80.2)	502.5	(81.8)	37.3
TOTAL	328	(100.0)	$1,678.3	(100.0)	$614.6	(100.0)	36.6

(Figures in parentheses are percent of total.)

Table 3. Distribution of Corporate Contributions, 1983-1987 (millions of dollars)

	1983 471 Companies		1984 415 Companies		1985 436 Companies		1986 370 Companies		1987 325 Companies	
Education	$ 498.8	39.0%	$ 561.7	38.9%	$ 650.0	38.3%	$ 718.0	42.9%	$ 610.1	36.8%
Health and Human Services	367.6	28.7	399.9	27.7	494.1	29.2	468.6	28.0	450.5	27.2
Civic and Community Activities	188.8	14.8	271.6	18.8	279.5	16.5	220.5	13.2	236.1	14.2
Culture and Art	145.2	11.4	154.7	10.7	187.5	11.1	198.8	11.9	178.6	10.8
Other	78.0	6.1	56.4	3.9	83.5	4.9	68.1	4.0	183.0	11.0
TOTAL	$1,278.4	100.0%	$1,444.3	100.0%	$1,694.6	100.0%	$1,674.0	100.0%	$1,658.3	100.0%

Civic and community groups received about 14 percent of the total, up from 13 percent in 1986, while giving to arts and cultural institutions fell by about 1 percent to 10.8 percent. The remaining 11 percent went to "other" organizations — and here a single nonrecurring property gift of $90 million accounts for most of the very large percentage increase in this category (indeed, the gain in the "other" category just about equals the drop in the education category).

WHERE EDUCATION DOLLARS GO

Almost all of the companies responding to the survey gave a breakdown of their education figures by broad purpose, but many of the details collected in previous years were eliminated (i.e., surveys in earlier years requested breakouts for unrestricted giving, capital grants, student aid, departmental grants and so on). **Table 4** summarizes how grants were allocated in 1987 by 325 reporting companies, while combining the more detailed 1986 data reported by 370 companies so as to correspond as closely as possible to the broader categories.

Over the last ten years there has been remarkable consistency with regard to the share of corporate support directed to colleges and universities. Higher education has secured between 69 and 71 percent of allocated education dollars every year except for 1986. The one-time $40 million gift of property accounted for 6 of that year's 77 percentage points.

While the share of support going to precollege education held steady with its 1986 level of 6 percent of the total, an anticipated increase in corporate giving to precollege programs was not evident for this sample of donors. Indeed, this was the first year that the total dollars reported as allocated to elementary and secondary school programs did not grow. The reason may be that fewer companies participated in the 1987 survey and, in addition, a number of companies known to allocate substantial sums to precollege programs were unable to give details on their 1987 education grants.

Table 4. Support of Education by Purpose (thousands of dollars)

	1986 (370 companies)		1987 (325 companies)	
	Amount	% of Total	Amount	% of Total
Colleges and Universities				
Unrestricted operating, capital, departmental, research, student-aid grants and grants via consortia	$400,404	61.5	$290,873	51.7
Matching gifts	98,696	15.1	99,500*	17.7
Total Colleges and Universities	$499,100	76.6	$390,373	69.4
Precollege Education				
Public and private school support and other	$ 30,873	4.7	$ 25,232	4.5
Matching gifts	8,740	1.4	8,757*	1.5
Total Precollege Education	$ 39,613	6.1	$ 33,989	6.0
Other Educational Programs				
Education-related organizations	$ 17,813	2.7	$ 33,778	6.0
Scholarships and fellowships	37,144	5.7	39,934	7.1
Other	57,807	8.9	64,951	11.5
Total Other Educational Programs	$112,764	17.3	$138,663	24.6
Total Allocated	$651,477	100.0	$563,025	100.0
Unallocated	66,504		47,121	
GRAND TOTAL	$717,981		$610,146	

* Estimate. Participants did not provide a breakout for matching gifts in 1987, which totaled $108,257. In 1986, the total was $107,436.

Moreover, the dollars reported under precollege support significantly understate the total amount directed to this sector. This is because corporations have awarded (and reported in this category) sizable grants to colleges and universities that specifically target elementary and secondary school populations. These include, for example, grants for curriculum development and teacher training. In addition, many grants to "education-related organizations" include funds for programs at the K-12 grade levels such as economic education. Between 1986 and 1987 the total dollars logged in these categories, exclusive of support for scholarships and fellowships, increased by $23 million, from 11.6 percent to 17.5 percent of total allocated education dollars. Development of new programs in the public schools may account for a substantial part of this increase. Finally, besides direct cash support, more and more companies are devoting substantial other resources — such as volunteer time and in-kind help — to the public schools which are usually not reported as charitable contributions.

Close to a fifth, or $108 million, of total education support in 1987 came in the form of corporate matching gifts. Such programs have climbed steadily over the past ten years, both in dollars and as a share of total education giving. In both 1986 and 1987, about 75 percent of survey participants reported matching-gift programs. In 1987, matching dollars reached 25 percent of total reported giving to colleges and universities, the largest share on record.

INDUSTRY DIFFERENCES

Industry differences in allocating education funds are shown in **Table 5**. Because the number of respondents in some industries is small, however, the breakdowns may not be typical of the whole industry. In fact low

Table 5. Percentage Distribution of Allocated Educational Support by Purpose, by Industry, 1987

Industry	Number of Companies	Total Dollars Allocated (000)	Colleges and Universities	Precollege	Matching Gifts*	Scholarships and Fellowships	Education-Related Organizations	Other
MANUFACTURING								
Chemicals	26	$ 54,656	56.9	3.6	17.4	8.7	6.7	6.7
Electrical Machinery	24	152,060	64.2	5.3	14.4	5.9	3.5	6.7
Food, Beverage and Tobacco	20	41,837	30.3	1.6	19.9	12.0	8.5	27.7
Nonelectrical Machinery	13	5,129	40.4	1.8	26.2	16.3	8.3	7.0
Paper and Allied Products	13	8,270	49.6	12.9	15.2	12.6	7.4	2.2
Petroleum and Gas	22	82,603	42.9	5.5	29.9	8.7	7.5	5.5
Pharmaceuticals	11	29,155	57.6	2.6	18.1	10.9	8.9	1.9
Printing and Publishing	13	11,225	48.1	2.8	27.3	6.8	12.3	2.7
Textiles and Apparel	5	1,132	40.5	6.8	18.9	24.2	8.9	0.6
Transportation Equipment	16	67,066	38.1	2.6	8.3	4.6	3.5	42.8
Other Manufacturing	16	7,856	49.0	3.1	26.8	9.7	10.0	1.3
All Manufacturing	179	$460,989	51.0	4.2	18.0	7.8	5.9	13.0
NONMANUFACTURING								
Banks	38	$ 20,901	40.0	7.2	33.1	2.8	9.7	7.2
Business Services	8	6,118	62.5	4.3	27.0	1.7	4.3	0.1
Finance	8	4,511	10.3	5.0	54.9	11.1	3.1	15.5
Insurance	32	20,453	41.2	8.9	31.1	5.5	6.7	6.5
Merchandising	8	4,742	42.5	25.6	11.1	1.3	2.4	17.1
Telecommunications	8	38,723	72.4	0.5	16.5	3.0	7.0	0.5
Transportation	5	1,011	68.3	1.0	10.9	5.1	1.0	13.7
Utilities	42	10,034	65.3	4.6	15.9	6.4	6.9	0.9
All Nonmanufacturing	149	$106,493	54.8	5.4	24.4	4.0	6.9	4.5
GRAND TOTAL	328	$567,482	51.7	4.5	19.2	7.1	6.1	11.4

* As shown on Table 4, matching gifts to higher education made up an average 17.7 percent of the total; for precollege institutions, it made up an average 1.5 percent.

Table 6. Details of Allocated Education Support by Region, 1987 (thousands of dollars)

Region	Number of Companies	Education as % of Total Contributions	Total Dollars Allocated	Colleges and Universities	Precollege	Matching Gifts*	Scholarships	Education-Related Organizations	Other
New England (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut)	31	22%	$ 50,875 (100.0)	$ 25,803 (50.7)	$ 6,804 (13.4)	$10,160 (20.0)	$ 2,640 (5.2)	$ 3,432 (6.7)	$ 2,036 (4.0)
Mid-Atlantic (New York, New Jersey)	56	43%	194,329 (100.0)	98,890 (50.9)	4,241 (2.2)	49,215 (25.3)	12,257 (6.3)	11,695 (6.0)	18,031 (9.3)
Industrial Heartland (Pennsylvania, Ohio, Michigan, Indiana, Illinois, Wisconsin)	104	37%	152,435 (99.9)	69,716 (45.7)	6,312 (4.1)	25,541 (16.8)	13,424 (8.8)	5,854 (3.8)	31,588 (20.7)
Southeast (Delaware, Maryland, Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi)	44	38%	46,472 (100.0)	27,544 (59.3)	1,594 (3.4)	7,365 (15.8)	3,810 (8.2)	4,030 (8.7)	2,129 (4.6)
Breadbasket (Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota, North Dakota)	26	26%	25,202 (100.0)	12,620 (50.1)	978 (3.9)	2,716 (10.8)	2,175 (8.6)	2,626 (10.4)	4,087 (16.2)
Southwest (Arkansas, Louisiana, Texas, Oklahoma)	27	38%	26,029 (99.9)	14,354 (55.1)	1,513 (5.8)	5,785 (22.2)	1,836 (7.1)	2,668 (8.7)	273 (1.0)
Mountain States (Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Idaho)	3	17%	310 (99.9)	141 (45.4)	16 (5.2)	43 (13.9)	48 (15.4)	33 (10.6)	29 (9.4)
Pacific (Washington, Oregon, California, Alaska, Hawaii)	34	45%	67,373 (100.0)	41,805 (62.1)	3,774 (5.6)	7,432 (11.0)	3,744 (5.6)	3,840 (5.7)	6,778 (10.0)
TOTAL	325	37%	$563,025 (100.0)	$290,873 (51.7)	$25,232 (4.5)	$108,257 (19.2)	$39,934 (7.1)	$33,778 (6.0)	$64,951 (11.5)

(Numbers in parentheses represent percentage breakdown within a region.)

* As shown on Table 4, an estimated $99.5 million in matching gifts went to higher education, with the remainder, $8.8 million, earmarked for elementary and secondary schools.

response rates in 1987 from the fabricated metals, primary metals and stone, clay, and glass industries have led to the combination of these three industries as "other manufacturing."

Colleges and universities secured the lion's share of corporate giving to education in almost every industry. This was especially true for companies that historically have relied on new technology and a highly skilled work force. Five such industries — chemicals, electrical machinery, petroleum and gas, telecommunications and transportation equipment — each reported giving more than $25 million to higher education, exclusive of matching gifts and scholarships awarded to individual students.

Led by the oil and computer companies, the manufacturers provided over three fourths of the funds for precollege programs. The service sector, however — most especially banks, retail stores and insurance companies — reported allocating a greater share of their total support to the K-12 grade levels than most manufacturers.

Among the reporting companies, the petroleum and gas industry contributed the largest amount of matching-gift dollars, with this form of giving comprising 30 percent of the industry's total aid to education. Within the nonmanufacturing sector, matching gifts made up more than a third of total gifts to education for the banking and finance industries.

REGIONAL DIFFERENCES

Data on giving to education based on the headquarters location of the survey companies are presented in **Table 6**. Compared to 1986, education donations as a whole were down although most regions still gave the largest share of their total contributions to education. In two regions, the Mid-Atlantic and the Pacific, the proportion of total giving going to education exceeded 40 percent. The median dollar value of education contributions was also exceptionally high for each of these regions — $943,000 for companies headquartered in the Mid-Atlantic and $522,000 for those based on the West Coast.

It should be noted that the percentage of total contributions going to education for New England is skewed downward due to the single property gift from a New England-based company valued at $90 million and recorded under the "other" category. Education's share of giving in New England has been well over 40 percent of total contributions for the past three years.

Grants to colleges and universities (exclusive of matching gifts and scholarships awarded to individuals) accounted for more than half of the education dollars in most regions. New England was the only region in which corporate giving to precollege programs exceeded 10 percent of education budgets. Matching gifts accounted for about a quarter of the education dollars from the Mid-Atlantic region while they comprised only 11 percent in the Breadbasket and Pacific states.

CONTRIBUTIONS RATIOS

The relationships between contributions and two financial measures — pretax net income and assets — are shown in **Table 7**. Between 1986 and 1987 both the ratios of total contributions and education support to pretax income fell. This is the first time since 1983 that these ratios have fallen. The drop can largely be attributed to income increasing at a faster rate than both measures of contributions, although strict comparability is not possible since the number of companies reporting these data varies from year to year. Total contributions as a percentage of total assets remained unchanged from 1986, while there was a slight drop in support of education relative to assets.

Table 7. Total Contributions and Educational Support in Relation to Worldwide and U.S.-Only Pretax Income and Assets 1983-1987 (millions of dollars)

Worldwide	1983 471 companies	1984 392 companies	1985 409 companies	1986 351 companies	1987 283 companies
Total Contributions	$ 1,329.6	$ 1,423.9	$ 1,636.4	$ 1,647.8	$ 1,538.6
Support of Education	518.7	553.5	626.8	706.0	576.6
Pretax Income	152,832.0	147,716.0	159,974.0	137,979.6	140,614.0
Total Assets	2,852,949.0	2,593,032.0	3,260,887.2	3,339,512.2	3,147,083.1
Total Contributions as a Percentage of:					
Pretax Income	0.870	0.964	1.023	1.194	1.094
Total Assets	0.047	0.055	0.050	0.049	0.049
Support of Education as a Percentage of:					
Pretax Income	0.339	0.375	0.392	0.512	0.410
Total Assets	0.018	0.021	0.019	0.021	0.018
Support of Education as a Percentage of:					
Total Contributions	39.0	38.9	38.3	42.9	37.5
U.S. Only	368 companies	340 companies	364 companies	308 companies	232 companies
Total Contributions	$ 1,011.4	$ 1,168.2	$ 1,361.6	$ 1,423.1	$ 1,208.8
Support of Education	406.0	438.1	511.6	611.5	424.1
Pretax Income	89,035.0	89,013.0	98,461.6	80,718.5	77,456.5
Total Assets	1,600,112.0	1,540,271.0	2,256,935.8	2,108,554.6	1,772,623.8
Total Contributions as a Percentage of:					
Pretax Income	1.136	1.312	1.383	1.763	1.561
Total Assets	0.063	0.076	0.060	0.067	0.068
Support of Education as a Percentage of:					
Pretax Income	0.456	0.492	0.520	0.758	0.548
Total Assets	0.025	0.028	0.023	0.029	0.024
Support of Education as a Percentage of:					
Total Contributions	40.1	37.5	37.6	43.0	35.1

YEAR-TO-YEAR CHANGES

Since the number of companies responding to the survey varies from year to year, the significance of change is best judged by examining those companies participating in the survey in consecutive years. For the 256 core or "matched-case" companies — those that responded to both the 1986 and 1987 surveys — total contributions increased by 5 percent while support of education fell by almost 11 percent. The drop in giving to education stems primarily from a drop in noncash gifts of property and company products. Cash contributions to education for the core sample actually increased by 3 percent.

Adjusting for two nonrecurring gifts of property — the $40 million gift to education in 1986 and the $90 million gift to the "other" category in 1987 — the increase in total contributions would be 1.5 percent, while support of education by these companies would be down by 4.7 percent.

As **Table 8** shows, these companies also reported an increase in profits of $2.56 billion, or 2 percent. As a result, giving to education as a share of earnings fell from .526 to .460 percent. Overall education budgets did not keep up with the profit advances experienced between 1986 and 1987. This was the first year since 1984 that corporate profits for the core companies did not fall.

For the manufacturers in the core group, profits increased by 18 percent between 1986 and 1987, but giving to all causes increased by only 4 percent and grants to education were down by almost 15 percent. In contrast, while the service-sector companies experienced a 27 percent drop in profits, their total contributions and support of education were up 9 and 10 percent respectively.

VARIATIONS BY SIZE

Contributions patterns also vary according to company size. **Table 9** shows the manufacturing companies

Table 8. Support of Education, Two Survey Years (256 Companies Participating in Both Surveys)

Industry		1986 WWPTNI (millions)	1986 Support of Education Amount (000)	1986 Support of Education As % of PTNI	1986 Support of Education As % of Contributions	1987 WWPTNI (millions)	1987 Support of Education Amount (000)	1987 Support of Education As % of PTNI	1987 Support of Education As % of Contributions	Percent Change 1986-1987 Education	Percent Change 1986-1987 PTNI	Percent Change 1986-1987 Total Contributions
MANUFACTURING												
Chemicals	(23)	10,926	61,950	567	44.8	12,448	58,972	474	41.0	4.8	- 13.9	- 3.9
Electrical Machinery	(18)	17,507	163,533	934	61.0	20,351	145,221	714	40.2	11.2	- 16.2	- 34.9
Food, Beverage & Tobacco	(15)	9,100	73,936	812	41.7	10,403	40,707	391	26.4	44.9	- 14.3	13.2
Nonelectrical Machinery	(10)	264	6,715	2,540	44.2	566	4,679	826	34.7	30.3	- 114.4	11.3
Paper and Allied Products	(8)	1,481	4,725	319	35.2	2,322	5,505	237	34.2	- 16.5	- 56.8	- 19.8
Petroleum and Gas	(21)	18,593	110,211	593	48.7	21,441	91,015	424	45.0	17.4	- 15.3	10.6
Pharmaceuticals	(10)	7,058	33,701	478	37.3	7,791	31,685	407	33.0	6.0	— 10.4	- 6.1
Printing and Publishing	(7)	1,589	12,817	806	54.4	1,448	5,403	373	36.3	57.8	8.9	36.7
Textiles and Apparel	(4)	350	1,014	290	48.1	372	928	250	36.2	8.5	- 6.3	- 21.3
Transportation Equipment	(9)	9,765	53,534	548	46.8	12,920	60,383	467	55.3	- 12.8	- 32.3	4.5
Other Manufacturing	(14)	1,090	8,872	814	36.4	1,703	8,326	489	37.2	6.2	- 56.2	8.3
All Manufacturing	(139)	77,723	531,009	683	48.6	91,765	452,824	493	39.9	14.7	- 18.1	- 3.9
NONMANUFACTURING												
Banks	(28)	7,316	19,660	269	27.9	643	19,177		26.3	2.5	108.8	- 3.4
Business Services	(6)	747	3,990	534	41.8	474	6,095	1,285	44.6	- 52.8	36.5	- 42.9
Finance	(4)	1,216	3,660	301	38.0	513	2,724	531	27.0	25.6	57.8	- 4.7
Insurance	(27)	4,560	19,712	432	24.1	4,730	20,033	423	23.4	- 1.6	- 3.7	- 4.7
Merchandising	(7)	2,721	8,887	327	20.1	3,653	8,986	246	19.9	- 1.1	- 34.3	- 2.1
Telecommunications	(8)	13,933	37,870	272	42.5	13,646	48,533	356	44.5	- 28.2	2.1	- 22.3
Transportation	(2)	5	132	2,480	26.6	12	98		22.1	25.8	340.0	10.7
Utilities	(35)	12,559	10,355	.082	25.4	9,215	8,545	.093	21.9	17.5	26.6	3.9
All Nonmanufacturing	(117)	43,057	104,266	.242	30.1	31,576	114,191	.362	30.4	- 9.5	26.7	- 8.7
GRAND TOTAL	(256)	120,780	635,275	.526	44.1	123,341	567,015	.460	37.5	10.7	- 2.1	- 5.0

(Numbers in parentheses show the number of companies reporting.)

Table 9. Contributions by Manufacturing Companies by Size of Worldwide Pretax Net Income and Assets, 1987

Pretax Net Income		% of PTNI Total	% of PTNI Education	Education as % of Total Contributions	Assets		% of Assets Total	% of Assets Education	Education as % of Total Contributions
Net Loss	(11)			37.1	$50 million under $250 million	(5)	.202	.054	26.5
Net Income less than $10 million	(5)	6.687	1.477	22.1	$250 million under $500 million	(12)	.127	.039	30.8
$10 million under $25 million	(8)	2.101	.623	29.6	$500 million under $1 billion	(20)	.148	.072	49.0
$25 million under $50 million	(15)	2.224	.968	43.5	$1 billion under $2.5 billion	(39)	.112	.047	41.9
$50 million under $100 million	(7)	1.514	.658	43.4	$2.5 billion under $5 billion	(33)	.131	.035	27.1
$100 million under $250 million	(29)	.983	.455	46.3	$5 billion under $10 billion	(20)	.141	.060	42.7
$250 million under $500 million	(32)	1.162	.394	33.9	$10 billion and over	(28)	.093	.038	40.9
$500 million under $1 billion	(23)	1.415	.495	35.0					
$1 billion and over	(27)	.981	.408	41.6	TOTAL	(157)	.105	.042	39.5
All Manufacturing Companies	(157)	1.160	.458	39.5					

(Numbers in parentheses show the number of companies reporting.)

grouped by ascending income and asset size. Historically, two patterns have been observed: first, as income increases, companies tend to contribute a smaller share of their incomes; and second, larger companies tend to designate a larger share of their contributions budgets for educational purposes. Neither pattern seems to hold for the 1987 sample, however. At best, the relationship between size and contributions ratios applies for those companies with pretax incomes under $250 million.

INDUSTRY VARIATIONS.

Table 10 compares total contributions and education support by industry in two ways: as a percentage of pretax net income (PTNI) and as a proportion of assets. Education as a percentage of total contributions, PTNI and assets are at the right, together with the industry ranking on these measures.

The 157 manufacturing companies gave 39.5 percent of total grants to education while the 126 nonmanufacturers gave 30.9 percent. The manufacturers also devoted a greater proportion of their profits and assets to education than did the service-sector companies. Three quarters of total contributions and more than four fifths of all education support came from the manufacturing companies.

FORMS OF GIVING

For the fourth consecutive year noncash contributions — company products and surplus property and equipment — accounted for about 20 percent of giving to all causes. For education programs, noncash gifts accounted for roughly 18 percent, down from 28 percent in 1986, but very close to the 19 percent reported in 1985.

In contrast to 1986 when close to 60 percent of product and property gifts were made to education donees, the 1987 figure is just 30 percent. Excluding 1987's one-time $90 million gift of property in the "other" category, education received 41 percent of all product and property gifts. **Tables 11** and **12**, on the following page, compare total contributions and education support for 1986 and 1987 broken down into cash, securities, products and other property.

Property gifts in 1986 (which included the single gift of $40 million) amounted to 12 percent of all gifts to education. The 5 percent in 1987 is close to the 3 percent share in 1985. Cash gifts rose to 82 percent of the total, close to the 1985 figure of 81 percent. Company product donations declined to 12.5 percent of the total from 16.2 percent in 1986.

Noncash gifts to education comprised 19 percent of the giving by manufacturing industries, 12 percent for the service sector. The major contributors of products to education were the electrical machinery industries (77 percent of the total) and telecommunications (18 percent). Property donations were dominated by the transportation equipment companies (64 percent of the total) and electrical machinery (26 percent). Product and property donations, at 45 percent, were a significant part of the education budgets only for the electrical machinery industry.

Table 10. Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets and Comparative Rankings by Industry, 1987

Industry	Number of Companies	PTNI (millions)	Assets (millions)	Total Contributions (000)	Support of Education (000)	Education as a Percentage of Total Contributions		PTNI		Assets	
MANUFACTURING											
Chemicals	22	$ 13,936	$ 117,187	$ 130,710	$ 54,727	$41.9	(4)	.393	(6)	.047	(4)
Electrical Machinery	22	21,391	194,553	370,039	151,913	41.1	(5)	.710	(1)	.078	(1)
Food, Beverage and Tobacco	20	12,196	87,937	174,826	47,191	27.0	(13)	.387	(8)	.054	(3)
Nonelectrical Machinery	13	829	23,455	14,822	5,129	34.6	(8)	.619	(2)	.022	(11)
Paper and Allied Products	11	4,240	42,841	31,023	7,425	23.9	(17)	.175	(17)	.017	(13)
Petroleum and Gas	21	21,216	363,712	195,724	87,917	44.9	(2)	.414	(5)	.024	(9)
Pharmaceuticals	9	7,791	42,155	90,124	27,223	30.2	(10)	.349	(12)	.065	(2)
Printing and Publishing	8	2,249	17,718	22,228	8,251	37.1	(6)	.367	(10)	.047	(4)
Textiles and Apparel	4	444	4,708	3,209	1,096	34.2	(9)	.247	(14)	.023	(10)
Transportation Equipment	13	15,644	195,448	123,774	66,553	53.8	(1)	.425	(4)	.034	(6)
Other Manufacturing	14	1,714	30,290	23,050	8,350	36.2	(7)	.487	(3)	.028	(8)
Total Manufacturing	157	101,650	1,120,004	1,179,529	465,775	39.5		.458		.042	
NONMANUFACTURING											
Banks	27	839	834,207	75,471	19,955	26.4	(15)	n.a		.002	(18)
Business Services	6	650	11,762	8,764	2,551	29.1	(11)	.392	(7)	.022	(11)
Finance	6	1,151	199,776	14,741	4,259	28.9	(12)	.370	(9)	.002	(18)
Insurance	30	5,830	458,250	57,723	15,555	26.9	(14)	.267	(13)	.003	(17)
Merchandising	6	3,653	127,494	44,757	8,898	19.9	(19)	.244	(15)	.007	(15)
Telecommunications	8	13,646	160,183	108,984	48,533	44.5	(3)	.356	(11)	.030	(7)
Transportation	5	474	11,083	4,466	1,100	24.6	(16)	.232	(16)	.010	(14)
Utilities	38	14,401	224,324	44,182	9,980	22.6	(18)	.069	(18)	.004	(16)
Total Nonmanufacturing	126	38,966	2,027,079	359,088	110,831	30.9		.284		.005	
GRAND TOTAL	283	140,616	3,147,083	1,538,617	576,606	37.5		.410		.018	

(Industry rankings are in parentheses.)

Table 11. Forms of Giving: Total Contributions (millions of dollars)

	1986 Amount		% of Total	1987 Amount		% of Total
Cash	$1,319.29	(363)	79.1	$1,304.82	(311)	78.8
Securities	7.87	(12)	0.5	4.06	(4)	0.2
Company Products	204.73	(69)	12.3	182.44	(67)	11.0
Other Property	136.58	(67)	8.2	164.05	(56)	9.9
Total	$1,668.47	(363)	100.1	$1,655.37	(311)	99.9

(Numbers in parentheses show the number of companies reporting.)

Table 12. Forms of Giving to Education (millions of dollars)

	1986 Amount		% of Total	1987 Amount		% of Total
Cash	$510.34	(350)	71.9	$484.16	(293)	82.2
Securities	1.02	(4)	0.1	0	-	0
Company Products	115.25	(27)	16.2	73.47	(26)	12.5
Other Property	82.95	(31)	11.7	31.27	(29)	5.3
Total	$709.56	(311)	99.9	$588.90	(293)	100.0

(Numbers in parentheses show the number of companies reporting.)

Table 13. Percentage of Reporting Companies with Foundations, by Industry, 1987

Industry		Percentage	Industry		Percentage
MANUFACTURING			NONMANUFACTURING		
Pharmaceuticals	(10)	90.9	Finance	(7)	87.5
Other Manufacturing	(14)	87.5	Telecommunications	(7)	87.5
Transportation Equipment	(13)	81.3	Insurance	(24)	75.0
Food, Beverage and Tobacco	(16)	80.0	Banks	(24)	63.2
Textiles and Apparel	(4)	80.0	Merchandising	(5)	62.5
Paper and Allied Products	(10)	76.9	Transportation	(3)	60.0
Electrical Machinery	(17)	70.8	Business Services	(4)	50.0
Chemicals	(18)	69.2	Utilities	(6)	14.3
Machinery	(9)	69.2			
Petroleum and Gas	(15)	68.2	All Nonmanufacturing	(80)	53.7
Printing and Publishing	(7)	53.8			
All Manufacturing	(133)	74.3	ALL COMPANIES	(213)	64.9

(Numbers in parentheses show the number of foundations.)

FOUNDATIONS SMOOTH THE WAY

Three quarters of the manufacturing companies and just over half the service companies responding to the survey have established company foundations (see **Table 13**). Of these 213 companies, 13 made all their 1987 contributions through their foundations. Others chose to make part of their contributions through their foundations and the rest directly to the donees from their parent companies.

Foundations can help stabilize the flow of charitable contributions by maintaining grants even when their parent companies reduce contributions in times of declining profits or economic uncertainty. They can use earnings on their assets, draw down assets or do both. In periods of high profits, the company can replenish foundation assets.

Table 14 presents the contributions of the survey respondents and their foundations for the past five years. The first line on the table shows the total gifts reported by the companies to the Internal Revenue Service for income-tax purposes. These include gifts from the corporations to their foundations, shown on the second line and then subtracted from line one to determine the total given directly by corporations to charitable causes. Grants made by the foundations are

Table 14. Structure of Corporate Contributions (millions of dollars)

	1983	1984	1985	1986	1987
Total Company Gifts	$1,250.7	$1,448.9	$1,666.5	$1,688.6	$1,555.2
	(484)	(404)	(438)	(353)	(315)
Less: Gifts to Company Foundations	435.7	562.2	614.0	649.1	486.8
	(159)	(157)	(269)	(157)	(129)
Direct Company Gifts to Others	815.0	886.7	1,052.5	1,039.5	1,068.4
	(461)	(388)	(412)	(334)	(293)
Plus: Company Foundation Gifts	553.0	569.2	658.4	641.0	609.9
	(270)	(230)	(271)	(224)	(196)
Total Corporate Contributions	$1,368.0	$1,455.9	$1,710.9	$1,680.5	$1,678.3
	(503)	(422)	(439)	(372)	(328)
Difference Between Foundation Receipts and Foundation Gifts	117.3	7.0	44.4	- 8.1	- 123.1
Cumulative Change from 1974	301.4	308.4	352.8	344.7	467.8
Number of Companies with Foundations	283	243	269	240	213

(Numbers in parentheses show the number of companies reporting.)

then shown and added in to give the total consolidated contributions from both the corporate foundations and their parent companies to all causes.

More than three fifths of the contributions of survey participants in 1987 came directly from the corporations; the median was $768,000, down from $780,000 in 1986. The median value of foundation contributions programs was $1,335,000 in 1987, up from $989,000 in 1986.

Once again this year, foundation expenditures exceeded company payments into their foundations, in the amount of $123 million. Twelve companies paid $10 million or more each into their foundations, with the largest payment $50 million. Over the last five years, foundations have paid out some $284 million more than companies have paid into their foundations, funding the contributions by drawing on accumulated reserves and the earnings on those reserves.

INDIVIDUAL COMPANIES

Table 15 presents a profile of the top 25 contributors to education among both the manufacturing and service companies. These 50 donors together provided two thirds of the education support reported by all survey respondents. Their 1987 contributions to education were $74 million, or 15 percent, less than the contributions to education made by the top 25 manufacturers and service companies in 1986. The decline is attributable to the manufacturing companies. They gave 43 percent of their 1987 contributions to education, down from 58 percent in 1986. Excluding the $90 million gift of property by one of the manufacturers (number 5 in the top 25 list), this becomes a 49 percent share in 1987. Their product and property gifts, which made up 43 percent of donations to education in 1986, dropped to 26 percent in 1987. On the other hand, cash donations grew by 3 percent.

Table 15. Top 25 Manufacturing and Nonmanufacturing Companies Ranked by Education Support, 1987

	Education Support (000)	Total Contributions (000)	Education as % of Total	Worldwide PTNI (millions)	Contributions as a Percentage of PTNI: Education	Total
MANUFACTURING						
1	$ 56,704	$ 98,328	57.7	$ 8,609	.659	1.142
2	40,180	57,286	70.1	3,491	1.151	1.641
3	21,169	39,648	53.4	9,529	.222	.416
4	20,096	26,346	76.3	962	2.089	2.739
5	16,852	136,415	12.4	3,207	.525	4.254
6	13,149	38,174	34.4	1,816	.724	2.102
7	12,560	24,249	51.8	3,660	.343	.663
8	11,612	18,741	62.0	1,781	.652	1.052
9	10,540	26,568	39.7	3,348	.315	.794
10	10,302	21,411	48.1	2,508	.411	.854
11	10,195	17,147	59.5	1,072	.951	1.600
12	9,940	36,533	27.2	617	1.611	5.921
13	8,012	18,465	43.4	3,032	.264	.609
14	7,853	14,792	53.1	1,984	.396	.746
15	7,757	22,609	34.3	1,689	.459	1.339
16	7,640	20,156	37.9	6,627	.115	.304
17	7,222	14,857	48.6	1,565	.461	.949
18	7,104	16,552	42.9	2,876	.247	.576
19	6,892	8,412	81.9	103	6.691	8.167
20	6,532	11,795	55.4	2,131	.307	.553
21	6,324	22,195	28.5	2,168	.292	1.024
22	6,200	14,000	44.3	921	.673	1.520
23	5,665	21,464	26.4	1,193	.475	1.799
24	5,323	10,120	52.6	1,405	.379	.720
25	5,158	10,368	49.7	501	1.030	2.069
	$320,981	$746,631	43.0	$ 66,795	.481	1.118
NONMANUFACTURING						
1	$ 30,647	$ 49,750	61.6	$ 3,176	.965	1.566
2	5,885	21,820	27.0	1,931	.305	1.130
3	4,927	31,286	15.7	n.a.		
4	4,909	16,561	29.6	1,909	.257	.868
5	4,900	15,100	32.5	1,954	.251	.773
6	3,937	11,811	33.3	2,701	.146	.437
7	3,385	4,708	71.9	n.a.		
8	3,257	9,505	34.3	1,027	.317	.926
9	3,060	8,064	37.9	764	.401	1.055
10	2,896	10,666	27.2	240		
11	2,755	6,747	40.8	429	.642	1.573
12	2,709	11,270	24.0	718		
13	2,443	7,829	31.2	360	.679	2.175
14	2,418	7,305	33.1	714		
15	2,131	7,700	27.7	1,617	.132	.476
16	1,730	9,289	18.6	360	.481	2.580
17	1,700	8,900	19.1	n.a.		
18	1,648	6,117	26.9	138	1.194	4.433
19	1,562	5,625	27.8	110		
20	1,318	3,694	35.7	n.a.		
21	1,284	19,381	6.6	400	.321	4.845
22	1,224	5,345	22.9	45		
23	1,196	4,000	29.9	296	.404	1.351
24	1,092	2,851	38.3	1,955	.056	.146
25	1,057	4,099	25.8	201	.526	2.039
	$ 94,070	$289,423	32.5	$ 17,391	.541	1.664

Appendix: About This Report

This report presents the results of the 14th Annual Survey of Corporate Contributions, a joint project of CFAE and the Conference Board. Although the information included here relates primarily to corporate support of education, the data are consistent with the tabulations presented by the Conference Board in its more general report which covers corporate support of areas other than education.

Usable questionnaires were returned by 328 companies. While the sample is very small in relation to the total number of incorporated enterprises in the United States, it provides the basis for the national estimates, calculated by the Council for Aid to Education, that are presented in Table 1. The participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for three fifths of the total pretax net income and over one third of estimated total contributions and educational support of the entire population of nearly three million corporations in this country.

In addition, the survey companies provide information that is not available for the entire corporate universe, including regional differences and data on the distribution of corporate contributions by purpose.

MEASURING TOTAL CONTRIBUTIONS

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the corporate contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Three factors contribute to the differences.

1. The figures reported by corporations on their income tax returns include contributions to company-sponsored foundations but exclude the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Any time contributions exceed this allowable percentage, the excess contributions can be carried into the following years [Section 170(d)(2)]. An unknown portion of the amount reported by corporations to the IRS includes excesses from previous years and excludes amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a)(2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year.

DEFINITIONS: CONTRIBUTIONS

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table 1 are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and include gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but exclude payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

DEFINITIONS: FINANCIAL DATA

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using these domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.